



## Lancashire Schools Forum

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CC Susie Charles, Cabinet Member for Children Young People and Schools

Date

17 January 2018

Dear Geoff and Susie,

### **Schools Budget 2018/19**

As you will be aware, at a meeting on 16 January 2018, the Schools Forum was presented with information about the latest proposals for setting the Schools Budget from April 2018.

Following consideration of the proposals, the Forum agreed a number of recommendations for your consideration in finalising the Schools Budget for 2018/19.

#### **The Forum:**

- a) **Supported the principles and methodologies used to create each funding block:**
  - **Schools Block;**
  - **High Needs Block;**
  - **Early years Block;**
  - **Central Schools Services Block.**
- b) **Supported the Dedicated Schools Grant Reserve underwriting the uncertainties around the Schools Budget 2018/19;**
- c) **Supported the comprehensive review of HNB expenditure, as set out at Annex 1, to mitigate the forecast High Needs Block overspend of circa £8.5m, but commented that :**
  - **There was no option but to contain HNB expenditure within the available DSG resources;**
  - **Some devaluation of SEN bandings was inevitable but recommended that the level of reduction be minimised by maximising savings that are available through other options.**

**The Forum also approved a number of budget lines and arrangements using our decision making powers. These are set out at Annex 2.**

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**Chair Tim Cross**

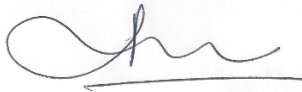
C/O The Clerk to the Schools Forum, • Financial Management (Development and Schools)  
PO Box 100, County Hall, Preston, PR1 0LD

I hope that you will be able to accommodate our recommendations and decisions when you set the Schools Budget for 2018/19.

We would also ask for a continued involvement in monitoring and shaping the Schools Budget and the High Needs Block savings proposals from April 2018.

With best wishes.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tim Cross', with a horizontal line underneath.

Tim Cross  
Chair  
Lancashire Schools Forum

## Review of HNB expenditure

## Annex 1

### Savings target £8.5m

#### For April 2018 implementation

Budget Area	Action
Central Schools Services Block	Reduce expenditure to remain within DfE allocated cash envelope
Central Schools Services Block	Reduce DSG contribution to Early Help activities
Schools Block	Transfer headroom to High Needs Block
High Needs Block and Schools Block delegated to specific units	<ul style="list-style-type: none"><li>• Implement ESFA prescribed changes for SERF units</li><li>• remove unfilled places</li></ul>
High Needs Block delegated cross sector	Reduce HNB payments on a pro rata basis where less than full time provision of 25 hours is being provided
High Needs Block delegated FE colleges	Stipulate up front the rate for Additional place top-up at FE
High Needs Block delegated Special Schools	Realignment of school specific funding
High Needs Block delegated Alternative Provision	<ul style="list-style-type: none"><li>• Review funding payments for high needs</li><li>• Review PASS payments rates and processes</li><li>• Review data criteria for models</li><li>• Review all other funding payments</li></ul>
High Needs Block centrally retained	Reduce Out-county budget by strict commissioning
High Needs Block delegated across all sectors	Proposed reduction of WPN rate
High Needs Block delegated across all sectors	Devalue all SEN bandings
Dedicated Schools Grant Reserves	Underwrite uncertainties

#### Longer term proposals

- Comprehensive SEND service review of banding system and structure
- Comprehensive SEND service review of SERF unit provision
- SEND service review of residential provision in special schools
- Ongoing review of Out-County Budget provision including framework and/or commissioning arrangements

## SCHOOLS BUDGET 2018/19

### SPECIFIC APPROVALS NEEDED FROM THE SCHOOLS FORUM

The Schools Finance and Early Years (England) Regulations require certain proposals by the Local Authority relating to the Schools Budget to be approved by the Schools Forum. Details of the 2018/19 Forum approvals are provided below:

Function	LA proposals 2018/19	Proposed Expenditure: 2018/19 £m
<b>Consultation on Formula Changes</b>		
<ul style="list-style-type: none"> <li>EYNFF Proposals for 2018/19, including transitional arrangements to the Universal Base Rate</li> </ul>	Considered by Summer term Early Years Block Working Group and supported by the Schools Forum on 4 July 2017.	
<ul style="list-style-type: none"> <li>Schools Budget formula for 2018/19 based on passporting NFF calculations</li> </ul>	Proposals contained in Schools Budget 2018/19 report & supported by the Schools Forum on 16 January 2018.	
<ul style="list-style-type: none"> <li>Allocation of additional maintained nursery school (MNS) funding for 2018/19 via a MNS supplementary hourly rate for the universal 15 hours entitlement for three and four year olds</li> </ul>	Proposals contained in Schools Budget 2018/19 report & supported by the Schools Forum on 16 January 2018.	
<ul style="list-style-type: none"> <li>Revised Pupil Referral Unit (PRU) funding formula for 2018/19 with additional top-up funding being distributed through the funding model</li> </ul>	Proposals contained in Schools Budget 2018/19 report & supported by the Schools Forum on 16 January 2018.	
<b>De-delegation for mainstream schools</b>	LA proposals for: <ul style="list-style-type: none"> <li>Schools in financial difficulty;</li> </ul>	

	<ul style="list-style-type: none"> <li>• Museum service (primary only);</li> <li>• Staff Costs Public duties/Suspensions.</li> </ul> <p>Approved by the Schools Forum on 24 October 2017</p>	
<b>Movement of up to 0.5% from the schools block to other blocks</b>	Proposed to transfer the Schools Block surplus to the High Needs Block to mitigate the forecast HNB overspend and diminish the requirement for other cost reducing proposals. Proposals supported by the Schools Forum on 16 January 2018.	<b>0.7</b>
<b>Contracts (where the LA is entering a contract to be funded from the schools budget)</b>	No Proposals at this time	
<b>Financial issues relating to:</b>		
<ul style="list-style-type: none"> <li>• arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding</li> </ul>	Proposals contained in High Needs Block Working Group recommendations for Forum report. Proposals supported by the Schools Forum on 16 January 2018.	
<ul style="list-style-type: none"> <li>• arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding</li> </ul>	Proposals contained in High Needs Block Working Group recommendations for Forum report. Proposals supported by the Schools Forum on 16 January 2018	
<ul style="list-style-type: none"> <li>• arrangements for early years provision</li> </ul>	Considered by Summer term Early Years Block Working Group and approved by the Schools Forum on 4 July 2017. April 2018 central funding level presented as part of the 2018/19 Schools Budget setting proposals. Proposals supported by the Schools Forum on 16 January 2018	<b>0.359</b>

<ul style="list-style-type: none"> <li>administration arrangements for the allocation of central government grants</li> </ul>	No Proposals at this time	
<b>Minimum funding guarantee (MFG)</b>	<p>Proposed disapplication submissions:</p> <ul style="list-style-type: none"> <li>Removing one-off funding distributed in 2017/18 from the 2018/19 baseline for MFG purposes</li> <li>Disapplication of regulations that do not match the national NFF calculation methodology, including setting a local MFG of positive 0.5%</li> </ul> <p>Approved by the Schools Forum on 24 October 2017</p> <p>Exceptional Circumstances disapplication relating to special schools MFG supported by the Schools Forum on 16 January 2018</p>	
<b>General Duties for maintained schools</b> Contribution to responsibilities that local authorities hold for maintained schools	No Proposals at this time	
<b>Central spend on and the criteria for allocating funding from:</b>		
<ul style="list-style-type: none"> <li>funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy</li> </ul>	Policy agreed the Schools Forum on 12 January 2017. April 2018 funding level presented as part of the 2018/19 Schools Budget setting proposals. Proposals supported by the Schools Forum on 16 January 2018	<b>1.462</b>
<ul style="list-style-type: none"> <li>funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years</li> </ul>	No Proposals at this time	-
<b>Central spend on:</b>		

<ul style="list-style-type: none"> <li>early years block provision funding to enable all schools to meet the infant class size requirement</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>back-pay for equal pay claims</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>remission of boarding fees at maintained schools and academies</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>places in independent schools for non-SEN pupils</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>admissions</li> </ul>	April 2018 funding level presented as part of the 2018/19 Schools Budget setting proposals. Proposals supported by the Schools Forum on 16 January 2018	<b>0.937</b>
<ul style="list-style-type: none"> <li>servicing of schools forum</li> </ul>	April 2018 funding level presented as part of the 2018/19 Schools Budget setting proposals. Proposals supported by the Schools Forum on 16 January 2018	<b>0.188</b>
<ul style="list-style-type: none"> <li>Contribution to responsibilities that local authorities hold for all schools</li> </ul>	No Proposals at this time	
<b>Central spend on:</b>		
<ul style="list-style-type: none"> <li>capital expenditure funded from revenue: projects must have been planned and decided on prior to April 2013 so no new projects can be charged</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>contribution to combined budgets: this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources</li> </ul>	2018/19 proposals for ongoing contribution to be presented to Schools Forum on 16 January. Forum support allocation of 50% of the original budget level, which was £0.9m	<b>0.450</b>

<ul style="list-style-type: none"> <li>existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged)</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>prudential borrowing costs – the commitment must have been approved prior to April 2013</li> </ul>	April 2018 funding level presented as part of the 2018/19 Schools Budget setting proposals following initial agreement prior to April 2013. This is an annual commitment until 2020/21.	<b>0.240</b>
<b>Central spend on:</b>		
<ul style="list-style-type: none"> <li>high needs block provision</li> </ul>	April 2018 funding level presented as part of the 2018/19 Schools Budget setting proposals. Proposals supported by the Schools Forum on 16 January 2018	<b>28.768</b>
<ul style="list-style-type: none"> <li>central licences negotiated by the Secretary of State</li> </ul>	April 2018 funding level presented as part of the 2018/19 Schools Budget setting proposal. Proposals supported by the Schools Forum on 16 January 2018	<b>0.895</b>
<b>Carry forward a deficit on central expenditure to the next year to be funded from the schools budget</b>	No Proposals at this time	
<b>Any brought forward deficit on de-delegated services which is to be met by the overall schools budget.</b>	No Proposals at this time	